

**Meeting Minutes**  
**Executive Steering Committee**  
**Corporate Automation Plan-Phase 2**  
**January 19, 2005**

Industry Attendees: Bob O'Brien, Joyce McGarvy, Val Scansaroli, Anita Pursley.

Postal Attendees: John Rapp, Tom Day, Bill Galligan, Paul Vogel, Jeff Freeman, George Hurst, Skip McGill.

The meeting began at 8:00 am with a brief discussion regarding the continuation of the Steering Committee with the pending leadership change due to the retirement of John Rapp. All agreed that the Steering Committee serves a useful purpose in keeping the mailing industry informed of the status and key decisions surrounding DPP/FSS. John Rapp will speak to Pat Donahoe and is confident that he will want the Steering Committee to continue its work.

Bob O'Brien asked if the Postal Service is making progress in improving the percentage of letter mail handled as DPS. Tom Day indicated that it was improving and that non-readable hand written letters accounted for about 7 percentage points. Bill Galligan stated that detached address labels (DAL) are counted as letters and account for a significant percentage of non-DPS letters. A USPS/industry workgroup formed after the Forum is investigating how to have DALs barcoded and sorted on automation rather than have carriers case them. This will reduce carrier costs and make it easier to meet requested in-home delivery dates.

Tom Day provided an update on the status of FSS and DPP. Northrop Grumman was selected to develop a prototype FSS machine under Phase 2 of the R&D contract. The prototype machine will have about 200 bins and is smaller than a full-scale 360-bin machine. A test in the vendor's plant is planned for October 2005. A field test at a postal plant is planned for April-May 2006.

Four DPP vendors are under consideration for Phase 2 R&D test-bed contract awards to develop and demonstrate the capability of key DPP components. Test-bed development is different from prototype machine development for FSS that will result in an actual working machine. If DPP test-bed development is successful, a prototype DPP machine would then be considered. It was emphasized that at each decision point, risk and the shared cost of development come into play before deciding whether to proceed. DPP development is one to two years behind FSS, but potentially would generate greater savings than FSS.

The need for improved address quality and the new Delivery Point Validation program was discussed. Bob O'Brien stated that DPV showed a 4 percent greater error rate for a large address file that previously was thought to be very accurate. They were working through the errors to understand the differences. Bill Galligan mentioned that carriers sometimes rehandle incorrectly addressed mail within the same delivery unit to get it to the correct carrier route without ACS notification. John Rapp emphasized that improved

address quality is a key part of future success as better address quality results in higher delivery rates, lower sortation costs and higher response rates for advertisers.

John Rapp illustrated how FSS sort plans would work. Because about 75 percent of flat volume is standard mail class, most of it is on-hand and available for sequencing beginning in the afternoon. Sort plans would be constructed to first sequence residential zones that primarily receive standard mail flats, periodicals and small volumes of first class mail. The first class volume for these zones arrives later and would not be sequenced by FSS, but instead would be treated as residue volume that would need to be sorted and then cased by the carrier. Business zones and zones with larger volumes of first class would be sequenced later in the evening and early morning to maximize the volume sequenced on the machine and minimize the residue volume that would have to be cased. The potential for new work share opportunities such as scheme-based pallets that could go direct to machine side was also discussed. Val Scansaroli commented that the approach to sequencing flats made sense and would support both high rates of throughput and high daily equipment utilization rates.

Bob O'Brien opened the discussion on the proposal to form an MTAC work team to evaluate the impacts of FSS on the industry. If a decision is made to move forward with FSS, changes would occur in several areas: address requirements and 11-digit barcode, critical entry times, processing concepts, mail entry points and mail make-up. Forming a joint work team to examine and evaluate these changes would allow the industry an opportunity to determine the impacts on current industry practices and determine the best approach to adapt to new requirements.

The Postal Service agreed that a work team to evaluate changes would be beneficial at some point. However, no decision has been made to deploy either FSS or DPP. The Postal Service is in the early stages of operational planning, but has not reached any decisions about the equipment, the supporting infrastructure and processing concepts. A work team would find it difficult to accomplish its task until postal planning is better defined.

A suggestion was made that the Steering Committee visit the Northrop Grumman plant to see the prototype machine when it is assembled. This would afford the industry representatives an opportunity to see the machine first hand and ask questions. Paul Vogel urged the steering committee to continue its role of keeping the industry informed about the general status of the R&D effort. Work teams should be formed to accomplish specific tasks or goals within a defined duration of time in accordance with the principles for work teams defined by MTAC.

After discussion, the committee agreed that it was premature to form a work team at this time, because there have not been enough decisions about how FSS would work to avoid confusion on a work team. However, this issue should be reviewed again in the fall. At the next MTAC meeting on February 23, the committee will report on the status of DPP/FSS. Tom Day agreed to walk through the same presentation that was given to the steering committee.

The meeting adjourned at 10:30am.